

FOR IMMEDIATE RELEASE

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UC REGENTS APPROVE SYSTEMWIDE SUPPLEMENTAL FUNDS PROGRAM TO HELP BOOST MODEST EMPLOYEE SALARY INCREASES

In an effort to mitigate this year's disappointing salary shortfall, UC Regents today (Thursday, Nov. 15) approved a modified deferred compensation program that will give all eligible employees additional financial reward by way of a special retirement account.

"All our employees work very hard to help keep UC a premier educational institution and they deserve to be recognized accordingly. Since we are only able to give modest raises on a systemwide basis this year, we wanted to try and find additional forms of rewarding people financially", said Joseph P. Mullinix, senior vice president for business and finance. "And even though this won't change employees' incomes this year, it does give eligible employees throughout all of UC a financial boost later on."

Due to the recent economic downturn and resulting decline in state revenues, the University of California received significantly reduced state funding for 2001-2002 salary increases.

The special account, called a Capital Accumulation Provision (CAP), will be available to all eligible UC employees who are members of the University of California Retirement Plan (UCRP). The CAP being proposed will put the equivalent of 3 percent of the employee's salary into a separate retirement account in UCRP where it will earn a specified rate of interest (currently 7.5 percent) until the employee begins to draw on retirement funds.

This is not the first time UC has offered employees a CAP program. In the 1990s, when the state's budget was also under severe pressure, eligible employees received CAPs to offset disappointing salary increases. In the last 10 years, UC has offered five separate CAP programs. Below are several actual employee examples from 1993:

Annual employee salary	CAP Credit	Interest Rate	Total amount earned to date
\$35,000	2.5% of salary	8.5%	\$1,727.00
\$65,000	2.5% of salary	8.5%	\$3,212.00
\$100,000	2.5% of salary	8.5%	\$4,935.00

To be eligible to receive the CAP accrual credit, employees must be active UCRP members on April 1, 2002. This would include UCRP members on sabbatical or approved leave of absence. Disabled, retired and inactive members would be excluded.

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